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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte STEPHEN CHIN

Appeal 2007-4272
Application 10/045,313
Technology Center 3600

Decided: February 29, 2008

Before MURRIEL E. CRAWFORD, DAVID B. WALKER, and BIBHU R.
MOHANTY, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellant seeks our review under 35 U.S.C. § 134 of the rejection of claims 11-21. Claims 1-10 have been canceled. Claims 11-21 are

pending in the application and have been twice rejected. We have jurisdiction under 35 U.S.C. § 6(b) (2002). We AFFIRM.¹

THE INVENTION

The Appellant's claimed invention is directed to a method and system for purchasing a money order from a system via the Internet in response to goods being purchased from an Internet based auction transaction (Specification 2). Claim 11, reproduced below is representative of the subject matter of appeal.

11. A method for transferring funds using the Internet, the method comprising:

providing a computational system interfaced with the Internet, the computational system including a computer processor, a database, and a server that connects the computational system with the Internet;

establishing a stored value account of a user, the stored value account identifying an electronic funds level previously credited to the account by the user and information defining the stored value account being stored within the database;

receiving a request from the user over the Internet at the server to transfer at least some of the funds in the stored value account to a recipient, the request being received in response to and substantially contemporaneous with consummation of a transaction between the sender and recipient;

¹ Only those arguments actually made by Appellant have been considered in this decision. Arguments which Appellant could have made but chose not to make in the Briefs have not been considered and are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(vii) (2007).

sending the requested funds to the recipient; and
debiting the stored value account.

THE REJECTIONS

The Examiner relies upon the following as evidence in support of the rejections:

Jennings	US 5,825,003	Oct. 20, 1998
Schrader	US 5,903,881	May 11, 1999
Nethery	US 6,070,798	Jun. 6, 2000

Datek.com “Web pages.”

The following rejections are before us for review:

1. Claims 11 and 13-14 are rejected under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Datek.com.
2. Claim 12 is rejected under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Datek.com and Nethery.
3. Claims 15 and 17-21 are rejected under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Schrader.
4. Claim 16 is rejected under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Schrader and Nethery.

THE ISSUE

The first issue is whether the Appellant has shown that the Examiner erred in rejecting claims 11 and 13-14 under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Datek.com. This issue turns on

whether Jennings discloses or suggests “a request to transfer funds substantially contemporaneous with the consummation of a transaction between the sender and recipient.”

The second issue is whether the Appellant has shown that the Examiner erred in rejecting claims 15 and 17-21 under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Schrader. This issue turns on whether Jennings discloses or suggests the limitations directed to a “payment instrument.”

FINDINGS OF FACT

We find the following enumerated findings of fact are supported at least by a preponderance of the evidence²:

1. Jennings has disclosed that the payment system may be used in response to direct debits with point of sales transactions (Col. 8:30-38).
2. Jennings discloses a CAT network using structures found in conventional ATM's (Col. 6:8-25). Jennings also discloses that ATM's perform transactions substantially in real time (without any necessary time lag for settlement) Col. 2:16-22).
3. Jennings discloses that the payment system transfers funds instantly (Col. 2:37-49).
4. Jennings discloses that the payment system may be used to transfer funds from approved credit cards (Col. 9:4-16).

² See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 1739, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 127 S.Ct. at 1739 (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” The Court also stated “[i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* at 1740. The operative question in this “functional approach” is thus “whether the

improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* at 1741 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”)). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*

ANALYSIS

The Appellant argues that the rejection of Claim 11 is improper because the prior art does not teach or suggest the limitation requiring “the request [to transfer ... funds ... to a recipient to be] received in response to and substantially contemporaneous with consummation of a transaction between the sender and recipient” (Br. 5). The Appellant further argues that the “funds transfer” in Jennings cannot be the limitation for the “transaction” recited in claim 11 (Reply Br. 1-2).

We disagree. Jennings has disclosed that the payment system may be used in response to direct debits and point of sale transactions (FF 1). The “point of sale transaction” disclosed by Jennings, which is separate from any funds transfer, meets the claimed limitation requiring a separate “transaction.” As Jennings discloses that direct debits to the customers

account may take place with these point of sale transactions (FF 1), the request for funds is received “substantially contemporaneously” with the point of sale transaction. Moreover, Jennings uses a CAT network using structures found in conventional ATM’s which conventionally operate substantially in real time (FF 2 and 3).

For the above reasons, the Appellant’s arguments do not persuade us that the Examiner erred in rejecting claim 11. The rejection of claims 13 and 14, which the Appellant has not argued separately, fall with claim 11. See 37 C.F.R. § 41.37(c)(1)(vii) (2007). See also *In re Young*, 927 F.2d 588, 590 (Fed. Cir. 1991).

Appellant relies solely on the arguments discussed above with respect to claim 11 in contesting the rejection of claim 12 as unpatentable over Jennings in view of Datek, and further in view of Nethery. These arguments are unpersuasive for the reasons discussed above and the rejection of claim 12 is also sustained.

The Appellant further argues that the rejection of claim 15 is improper because Jennings does not disclose those limitations directed to a “payment instrument” (Br. 8). The Appellant also argues that Jennings does not disclose “using funds in the ... account to respond to a request to transfer funds” (Br. 9).

We disagree. Jennings discloses that the system may be used to request and transfer funds from a credit card (FF 4) which is a “payment instrument.” As noted above, Jennings also discloses the transfer of funds to another recipient in a point of sale transaction (FF 1). As Jennings has disclosed requesting funds from a “payment instrument” and responding to a

request to transfer funds in a direct debit point of sale transaction, the arguments of the Appellant are not persuasive.

The rejection of claims 17-21, which the Appellant has not argued separately, fall with claim 15. See 37 C.F.R. § 41.37(c)(1)(vii) (2007). *See also In re Young*, 927 F.2d 588, 590 (Fed. Cir. 1991).

Appellant relies solely on the arguments discussed above with respect to claim 15 in contesting the rejection of claim 16 as unpatentable over Jennings in view of Schrader, and further in view of Nethery. These arguments are unpersuasive for the reasons discussed above and the rejection of claim 16 is sustained.

CONCLUSIONS OF LAW

We conclude that Appellant has not shown that the Examiner erred in rejecting claims 11 and 13-14 under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Datek.com.

We conclude that Appellant has not shown that the Examiner erred in rejecting claim 12 under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Datek.com and Nethery.

We conclude that Appellant has not shown that the Examiner erred in rejecting claims 15 and 17-21 under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Schrader.

We conclude that Appellant has not shown that the Examiner erred in rejecting claim 16 under 35 U.S.C. § 103(a) as unpatentable over Jennings in view of Schrader and Nethery.

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DECISION

The Examiner's rejection of claims 11-21 under 35 U.S.C. § 103(a) is
AFFIRMED.

No time period for taking any subsequent action in connection with
this appeal may be extended under 37 C.F.R. § 1.136(a). See 37 CFR
§ 1.136(a)(1)(iv) (2007).

AFFIRMED

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